

## Message Text

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ORIGIN EB-08

INFO OCT-01 AF-08 ARA-10 EUR-12 EA-09 NEA-10 IO-13 ISO-00

SIG-02 MMO-04 COME-00 AGRE-00 L-03 H-02 ITC-01 SP-02

USIA-15 AID-05 NSC-05 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 INR-07 NSAE-00 PA-02 PRS-01 /141 R

DRAFTED BY EB/ICD/TRP:PPILKAUSKAS:JMM

APPROVED BY EB/ORF/ICD:EAWENDT

EB/ICD/TRP:TJO'DONNELL

EB/ICD/TRP:MWALL

EB/STA:JSPIRO

-----160244Z 049338 /73

P 152218Z MAR 77

FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS PRIORITY

AMEMBASSY BANGKOK PRIORITY

AMCONSUL BELIZE PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMCONSUL CALI PRIORITY

AMEMBASSY CANBERRA PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMCONSUL DURBAN PRIORITY

USMISSION EC BRUSSELS PRIORITY

AMCONSUL GUAYAQUIL PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY LILONGWE PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY MAPUTO PRIORITY

AMEMBASSY MANILA PRIORITY

AMEMBASSY NEW DELHI PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY PORT LOUIS PRIORITY

AMEMBASSY PRETORIA PRIORITY

AMCONSUL CAPE TOWN PRIORITY

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AMCONSUL RIO DE JANEIRO PRIORITY

AMCONSUL SAO PAULO PRIORITY

AMEMBASSY SEOUL PRIORITY

AMEMBASSY STOCKHOLM PRIORITY

AMEMBASSY SUVA PRIORITY

AMEMBASSY TAIPEI PRIORITY

AMEMBASSY TANANARIVE PRIORITY

AMEMBASSY TOKYO PRIORITY  
AMEMBASSY VIENNA PRIORITY  
AMEMBASSY MBABANE PRIORITY  
USMISSION OECD PARIS PRIORITY  
USMISSION GENEVA PRIORITY  
USDEL MTN GENEVA PRIORITY  
USCINCSO PRIORITY

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CAPE TOWN FOR EMB

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: SUGAR: ITC FINDING AND RECOMMENDATION

REFS: (A) STATE 48309, (B) STATE 54819

1. ON MARCH 14, 1977, ITC COMMISSIONERS VOTED ON RECOMMENDATIONS WHICH WILL BE SENT TO THE PRESIDENT FOR RELIEF OF THE DOMESTIC SUGAR INDUSTRY FOLLOWING THE ITC FINDING OF A THREAT OF INJURY (REFTEL A). THREE COMMISSIONERS (MOORE, BEDELL AND PARKER) RECOMMEND AN IMPORT QUOTA OF 4.275 MILLION SHORT TONS RAW VALUE (STRV) FOR FIVE YEARS, ALLOCATED BY THE PRESIDENT ON A COUNTRY-BY-COUNTRY BASIS. COMMISSIONERS MINCHEW, LEONARD AND ABLONDI RECOMMEND A 4.4 MILLION STRV QUOTA. HOWEVER, UNCLASSIFIED

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MINCHEW'S QUOTA WOULD LAST FIVE YEARS AND THAT OF LEONARD AND ABLONDI THREE YEARS. LEONARD AND ABLONDI RECOMMEND THE AUCTIONING OF IMPORT LICENSES TO IMPORTERS AND REFINERS SO THE TREASURY CAN COLLECT THE WINDFALL PROFITS WHICH WOULD OTHERWISE GO TO IMPORTERS AND REFINERS UNDER A GLOBAL QUOTA. ONLY CHAIRMAN MINCHEW, WHO ORIGINALLY MADE A NEGATIVE DETERMINATION ON INJURY TO THE U.S. SUGAR INDUSTRY, MADE A RECOMMENDATION FOR A FORMULA FOR COUNTRY-BY-COUNTRY ALLOCATION BASED ON 1972-1976 AVERAGE U.S. IMPORTS. HE ALSO STRESSED THE NEED FOR A SHORTFALL

REALLOCATION PROVISION WITH PENALTIES FOR COUNTRIES THAT UNDERSHIPED AND WITH REWARDS FOR THOSE COUNTRIES WHICH FILLED THEIR QUOTAS.

2. THE FDA FINDING ON MARCH 9, 1977, WHICH BANS THE USE OF SACCHARIN IN FOODS, COMPLICATED THE DISCUSSIONS. SACCHARIN ACCOUNTS FOR 750,000 STRV EQUIVALENT IN THE U.S. SUGAR MARKET. THE ITC STAFF STATED SUGAR CONSUMPTION

WOULD INCREASE 125,000 STRV IN 1977 DUE TO THE SACCHARIN BAN. THE DIFFERENCE BETWEEN 4.275 AND 4.4 MILLION SHORT TONS IN THE COMMISSIONERS' FINDINGS ON QUOTA SIZE MAY BE THE RESULT OF THE SIGNIFICANCE GIVEN TO THE SACCHARIN DISCUSSION.

3. THE ITC REPORT IS EXPECTED TO BE SENT TO THE PRESIDENT ON MARCH 17. THE PRESIDENT WILL HAVE SIXTY DAYS FROM RECEIPT OF THE REPORT TO MAKE A DECISION.

4. INTERAGENCY CONSIDERATION OF THE ITC RECOMMENDATIONS WILL BEGIN THIS WEEK.  
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## Message Attributes

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**Review Markings:**  
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